(c) the impact of such fiscal discipline on the Indian economy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) RBI have indicated that fiscal consolidation, *inter-alia*, would help in the process of achieving higher growth and macroeconomic stability.

(b) The Fiscal Responsibility and Budget Management Act, 2003 and the Rules framed thereunder stipulate mandatory annual fiscal correction by the Central Government. Many States have enacted similar fiscal responsibility legislation, which is incentivised through a package of debt relief and write-off awarded by the Twelfth Finance Commission.

(c) The impact of maintenance of such fiscal discipline would include, a strong financial sector, sustenance of business confidence, maintenance of growth momentum and macroeconomic stability.

**Study on price structure of commodities after implementation of VAT**

778. SHRI THENNALA G. BALAKRISHNA PILLAI: Will the Minister of FINANCE be pleased to state:

(a) whether Government's revenue has increased after introudction of Value Added Tax;

(b) if so, the details thereof;

(c) whether Government have conducted any study about the price structure of commodities after the introduction of VAT; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The revenue performance of VAT implementing States has been quite encouraging so far. During 2005-06, the tax revenue of VAT implementing States registered an increase of about 13.8% as per provisional estimates, which is higher than the Compound Annual Growth Rate (CAGR) of these States for the preceding 5 years. During the first quarter of 2006-07, the tax revenue registered an increase of about 26.6% over the corresponding period of last year as per the provisional estimates. It is true that in case of some

States, where the tax rates under VAT are significantly lower as compared to the previous Sales Tax regime, the revenue performance has not been so good initially, but the position is consistently improving.

(c) and (d) The price structure of commodities depends on a large number of factors and it is not feasible to segregate the effect of VAT on prices in precise terms. However, it is seen that the overall rate of inflation (as measured by the Wholesale Price Index) had consistently declined after implementation of VAT-from 5.70% for the week ended 01 April 2005 to 3.51% during the week ended 01 April 2006.

**Strike by banks**

†779. SHRI DATTA MEGHE: Will the Minister of FINANCE be pleased to state:

(a) whether it is fact that employees of the Public Sector Banks have given a notice to go on strike from August 1, 2006 in support of their demands;

(b) if so, the main demands of the employees;

(c) whether Government have taken any steps to resolve the demand of the employees;

(d) whether Government have taken any steps to resolve the demand of the employees;

(e) if so, the outcome thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Three unions of employees in Public Sector Banks, *viz.* All India Bank Employees' Association, All India bank Officers' Association and Bank Employees Federation of India had given a call for one day all India Bank strike on 28th July 2006 in support of their following demands:—

(i) Withdrawal of RBI circular on outsourcing of banking services;

†Original notice of the question was received in Hindi.